



Los Angeles Grand Avenue Authority



Board of Directors

Hon. Gloria Molina, Chair
Hon. Jan Perry, Vice Chair
David E. Janssen, Secretary
Robert R. "Bud" Ovrom

AUGUST 9, 2004 MINUTES

The eighth meeting of the Los Angeles Grand Avenue Authority was held August 9, 2004 at the Kenneth Hahn Hall of Administration, Room 374, 500 West Temple Street, Los Angeles, CA.

CALL TO ORDER

Chairperson Gloria Molina noting a quorum called the meeting to order at 10:05 a.m. The following Directors were present, constituting a quorum of the Authority:

Honorable Gloria Molina, Supervisor First District, Los Angeles County
Honorable Jan Perry, Councilmember Ninth District, City of Los Angeles
David E. Janssen, Chief Administrative Officer, Los Angeles County
Robert R. "Bud" Ovrom, Chief Executive Officer, Community Redevelopment Agency, City of Los Angeles

APPROVAL OF THE JUNE 28, 2004 MINUTES

On motion of Director Ovrom, seconded by Director Janssen, the Authority unanimously approved the June 28, 2004 minutes.

CHAIRPERSON'S REPORT

Chairperson Molina advised the public if they wish to address the Authority on any agenda issues, speaking request forms and copies of the agenda are in the back of the auditorium.

Chairperson Molina introduced the Honorable James Hahn, Mayor, City of Los Angeles.

Mayor Hahn stated his support for the project and commended the Authority on its outstanding effort to formulate a plan for the development of Grand Avenue. It will provide a focus of what Los Angeles and Southern California is all about and a great economic benefit. It is also a great example of public/private partnership.

Director Molina thanked Mayor Hahn for the collective partnership the City of Los Angeles has provided and stated that the Authority is looking forward to the continued partnership to complete the project.

MANAGING DIRECTOR'S REPORT

Martha Welborne reported that:

- the review team met with each development team several times since the last Authority meeting
- the development teams submitted their responses to the Exclusive Negotiation Agreement Form
- the review team analyzed each development team with the focus of a recommendation
- the review team held a successful meeting with a committee from the Academy of Motion Pictures Arts and Sciences concerning their museum project

APPROVAL OF CHAIRPERSON AND OFFICERS FOR THE JPA'S SECOND YEAR

Election of Chairperson: On motion of Director Ovrom, seconded by Director Janssen, the Authority unanimously reelected Chairperson Molina.

Election of Vice-Chairperson: On motion of Director Ovrom, seconded by Director Janssen, the Authority unanimously reelected Vice Chairperson Perry.

Election of Secretary: On motion of Director Ovrom, seconded by Director Janssen, the Authority unanimously reelected Secretary Janssen.

APPROVAL OF NEXT STEP IN THE NEGOTIATION PROCESS

Jim Thomas, Co-Chairperson, Grand Avenue Committee, introduced Eli Broad, Co-Chairperson of the Committee to comment on the process to date.

Mr. Broad reviewed the Committee's mission statement and the four-year process to follow the mission statement.

Mr. Thomas reviewed the selection committee's actions during the past year culminating in the recommendation to the Authority of a selection of a developer and recommended the Authority proceed under the requirements of an exclusive negotiating agreement.

Director Molina stated that she was impressed with the selection committee's process to create an equitable situation for all aspects of this grand project. Director Molina further acknowledged Mr. Thomas, Mr. Broad and the entire committee for their efforts.

PUBLIC COMMENT

Ron Reese, Private Security Officer, Representative of SEIU's Security Officers Organization Committee, consisting of 1500+ individuals with the goal of raising the private security standards across the city, urged the Authority to ensure the project's private security jobs are quality jobs. Mr. Reese outlined the general duties of the private security officer and the risks they face daily. He stated that there are no clear standards for security, low pay, high turnover, and no affordable healthcare within the City of Los Angeles. There is a need to create a more stable, adequately compensated and well trained workforce. He also noted that the City Council of Los Angeles and the County Board of Supervisors adopted the SEIU's principles which include raising security standards and respecting employees' right to join in union selection. Mr. Reese urged the Authority to ensure the selected developer will work with security officers and SEIU.

Dr. William Jervis Johnson, Senior Pastor, Calvary CME Church; Senior Clergy Organizer, Clergy & Laity United for Economic Justice; Clergy and Labor Coalition; and the African American & Latino Clergy for Labor Coalition stated these organizations are appalled by the poor wages and lack of proper healthcare for the security officers and the inability of these individuals to choose representation to address their needs. He urged the Authority to ensure the chosen developer work with the security officers.

Brady Westwater, President, Downtown Los Angeles Neighborhood Council, stated the Council met on this subject matter and voted unanimously to condemn every aspect of this process. He feels the public has been excluded and not allowed to comment on the decisions made. Also, the reasons for eliminating the two Los Angeles based developers

have not been revealed nor have the tapes covering these meetings been made accessible. Mr. Westwater supports the selection of the Forest Group as the developer of this project because he supports architectural competition and feels this group has a long history with the City and a willingness to work with neighborhood councils.

The Authority adjourned at 10:23 a.m. for a closed session pursuant to Government Code §54956.8 to confer with the Real Property Negotiators and resumed at 11:40 a.m.

APPROVAL OF NEXT STEP IN THE NEGOTIATION PROCESS (continued)

Jim Thomas, Co-Chairperson, Grand Avenue Committee, recommended negotiations continue with the development team led by Related Companies (Related) and the Authority enter into an Exclusive Negotiation Agreement (ENA) with Related. Mr. Thomas stated the Committee unanimously determined both teams were well qualified, but the Committee ultimately determined that the project elements proposed by Related more clearly matched the Request for Proposal (RFP). The Committee also determined the approach to making the project a unique Los Angeles/ Southern California place appealing to the entire metropolitan area was more promising in Related's proposal. Also, Related presented a stronger financial package. Mr. Thomas requested the Authority approve the Committee's recommendation and enter into an ENA with Related at this time.

Chairperson Molina asked if the Committee voted for the approval of Related. Mr. Thomas stated that they did vote unanimously to recommend Related.

Director Perry stated this was a challenging process from which everyone learned a great deal and which will transform the heart of the City for many years to come. She stated that she was certain her fellow Authority Members would join her in embracing issues significant to the community at large and that the design process be an open and inclusive process focusing on the needs, interests and aspirations of the people of this City. This inclusive process should be used as an opportunity to reach out, educate and bring in those communities disenfranchised from downtown Los Angeles. She also stated having effective security is an important ingredient for economic development and she looks forward to working in a positive and constructive fashion with all parties as the Authority proceeds with the negotiation process.

Director Ovrom congratulated the Committee on doing an excellent job in working through the selection process and choosing the more qualified applicant. He commended all parties involved for their leadership and hard work on behalf of the Authority.

Director Janssen expressed his appreciation to the negotiation team and stated that even though there is still a lot to accomplish they have done an excellent job to date. He referred to the government code section allowing real property negotiations to be held privately. He also stated that the Brown Act contemplates the confidentiality in negotiations with developers and that is the process which the Authority is following.

Chairperson Molina complimented the Committee on their ability to break the components of the developers into the segments that reflected what the Authority wanted from the beginning. This was an ambitious timeline incorporating public participation on the project. She was pleased with the subcommittee assembled to analyze the proposals and fine tune the detail presented and all aspects of being a public/private partnership. She stated that

the financial aspects are confidential items that are not made public, but that the Authority is operating in the best interest of the community.

PUBLIC COMMENT TO THE MOTION

Brady Westwater, President, Downtown Los Angeles Neighborhood Council, commented on the entertainment venue and whether there is a true connection to the urban life of Los Angeles. It is his intent and the intent of the neighborhood councils to voice their opposition when the recommendation comes up for approval at the Los Angeles City Council and the Los Angeles County Board of Supervisors.

On motion of Director Perry, seconded by Director Janssen, by a role call vote, the Authority unanimously approved the Grand Avenue Selection Committee's recommendation to enter into an Exclusive Negotiation Agreement with the Related Group.

APPROVAL OF EXCLUSIVE NEGOTIATION AGREEMENT

Jim Thomas, Chairperson, Grand Avenue Committee, recommended that the Authority approve the Exclusive Negotiation Agreement (ENA) and that the Chairperson be delegated the authority to sign once additional provisions are negotiated.

The exclusive right to negotiate gives the developer a six month period to develop a plan and a final term sheet that is acceptable to the Authority. The plan becomes the basis for an implementation agreement that must be reviewed and approved by the Authority, the CRA, the Los Angeles City Council, and the Los Angeles County Board of Supervisors.

The process allows the Authority to proceed with negotiations in this form reserving the right for any reason should those negotiations breakdown to resume negotiations with Forest City Group.

The ENA can be extended by mutual agreement and can be terminated under three circumstances.

1. If the Authority determines the developer is not negotiating diligently and in good faith.
2. If the Authority determines the ENA does not provide a project which will provide a reasonable financial return.
3. The developer can terminate the ENA if it determines a reasonable financial return is not available.

Upon execution of this agreement, the developer will put up \$200,000 to be applied to the Authority's costs.

On motion of Director Perry, seconded by Director Janssen, the Authority unanimously approved authorizing Chairperson Molina to execute the Exclusive Negotiation Agreement with the Related Group.

DISCUSSION OF FUTURE AGENDA ITEMS, DATE OF THE NEXT MEETING

The next meeting is currently rescheduled to September 27, 2004 in Room 374-A of the Kenneth Hahn Hall of Administration.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:58 a.m.